

Well, it is half a trillion dollars which I think most people know is a lot of money. Let me put it in perspective.

If we reach that level by the end of September, this will be by far the largest single year deficit in American history. Let me repeat that. We are currently in a year in which we will likely reach the largest deficit in 1 year in U.S. history.

But it doesn't seem to stop there because also this week the Appropriations Committee released their spending request for the next fiscal year, for fiscal year 2009. And they requested to spend 7.7 percent more than this year; 7.7 percent more. In fact, Mr. Speaker, the appropriations request is made up of 12 separate bills, 12 separate areas of the government. They propose an increase in spending in all 12. They are not proposing to keep the same or reduce spending anywhere in spite of the largest deficit in American history.

And because of the economic doldrums that we are currently in, revenue right now is basically flat. It is not rising very much. And entitlement spending, Social Security, Medicare, Medicaid, is going up by nearly 6 percent a year all by itself automatically if we don't do anything over the next 5 years.

So you don't have to be a rocket scientist to say okay, if revenues are staying the same and we are increasing some spending by 7.7 percent and the rest by nearly 6, the deficit is going to go up. So with the way things are projected, we could have a deficit of \$600 billion, maybe \$700 billion next year. And what are we doing about it in this House, well, we are just trying to make it worse.

Yesterday in a very broad, bipartisan vote, there was a vote to spend an additional \$261 billion over the next 2 years, much of which is not included in the numbers that I just gave you. So \$261 billion more. Deeper debt, bigger deficits.

Now some of the things that were included in that bill yesterday are priorities. One of them was continuing to support the troops in Iraq. I personally support that. But we have to make choices. There have to be priorities. We can't spend on everything. We should support the troops in completing their mission in Iraq, but we should cut something else so we are not making the taxpayer be the loser on all of this.

It seems like every week in this place, in fact I believe every week here we have either added a new program, new spending or a new entitlement. And hardly ever do we reduce the spending on something else to pay for it.

Now we are spending well over \$3 trillion a year in the Federal Government. You would think that some of that \$3 trillion is not something that we absolutely need. And we need to be reducing those things and setting priorities. If this is more important than this, then we spend on this and don't spend on this because we can't spend on it all.

But unfortunately what is happening around here is all right, I have my spending program, and another Member has their spending program, and so what's the compromise? I know, let's spend both. I get to spend what I want to spend and you get to spend what you want to spend, and those are the compromises we have been reaching in this place recently. Great deal. Politicians win; special interests win; taxpayer loses.

Mr. Speaker, this has got to stop. We have to stop the spending, and when we set priorities on things that we want to spend money on, we have to cut something else.

You know, the last thing I have here is: Are we going to have the highest tax rate in the world? Senator OBAMA recently proposed to lift the cap now on Social Security and Medicare taxes for incomes above \$250,000 and repeal all of the tax cuts that were put in place in this century in 2001 and 2003. If both of those things Senator OBAMA has approved become law, the highest tax rate in the United States will be 54.9 percent. It will be the fourth highest tax rate in the industrialized world. We will be exceeded only by France, Sweden and Denmark. Oh, and by the way, all three of those countries are currently moving to reduce their tax rates because they see what that kind of tax burden will do, is doing to their economy and to brain drain from their countries.

Mr. Speaker, I hope that people will not keep this a secret but will tell everybody.

WHAT'S IT ALL ABOUT?

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

Ms. KAPTUR. Mr. Speaker, not so many years ago two famous American artists, Josh Stone and Dionne Warwick, created a song called, "What's it all about, Alfie?" Here is how the song began:

"What's it all about, Alfie?

Is it just for the moment we live?

What's it all about when you sort it out, Alfie?

Are we meant to take more than we give?"

On June 19 this week, 2008, the New York Times lead story said quite a bit about taking. The headline reads, "Deals With Iraq Are Set To Bring the Oil Giants Back." I hope every American reads the lead story in the New York Times this week, June 19, a story written by Andrew Kramer.

Here is some of what it says. It says Exxon Mobil, Shell, Total, and BP, along with some other companies like Chevron, and a number of smaller oil companies, are in talks with Iraq's oil ministry for no-bid contracts, I repeat, no-bid contracts to service Iraq's largest fields. The no-bid contracts are unusual for the industry. Many experts consider these contracts to be their

best hope for large-scale increases in production over there. And it talks a lot about the politics of global oil and how other places like Bolivia and Venezuela and Russia and Kazakhstan aren't so friendly to the United States anymore as we become totally dependent on imported fuel. And it says that the biggest prize everybody is waiting for is the development of these new oil fields.

But of course we have to be careful because these mother lodes are threatened by insurgents who don't like the fact that western companies are coveting their resources. And here we live in a country now where gas is over \$4 a gallon. It would be so easy just to take it. And as the song says, are we meant to take more than we give?

Technically, these no-bid deals, more no-bid from this administration, are structured as service contracts. As such, they do not require the passage of an oil law setting out terms for competitive bidding. The legislation has been stalled by disputes among Shiites, Sunni and Kurdish parties over revenue sharing and other conditions inside that country where their parliament is in turmoil and cannot pass a hydrocarbon law. And thus, outsiders come in and are covetous of those resources. The whole process is designed to circumvent the legislative stalemate. I might say, how convenient. How convenient.

And so Americans should ponder the connection between our dependence. Now almost 75 percent of what people pump into their tanks comes from resources from other places, and think about how serious we had best be as a country to become energy independent here at home so we can restore our independence again because every American family that can't afford to drive to work anymore or go on vacation is less free than they were a year ago.

And the year 1998 is very important because that is the year when America began importing over half of what we consume. Every year we become less and less free.

It is really sad what is happening in the world. I mourn for my country as we approach Independence Day that she is not free. And the way we are going to fix this is for Americans to really understand the nature of our predicament.

I would prefer not to send America's finest to wars over oil, but that is exactly what we have done. And it will cost upwards of a trillion dollars already to pay for their deployment. It is important to think about the words to that song: Are we meant to take? I really think we are meant to create. The way this country was born out of people's highest ideals, to create a Nation that could be self-sustaining within its own borders without all these interlocking, foreign entailments that George Washington warned us about over 200 years ago. Maybe some Americans have forgotten, but we shouldn't

forget. We should remember what it means to be free.

Again, June 19, lead story, New York Times, "Deals With Iraq Are Set To Bring the Oil Giants Back." It is required reading for every American who has a heart where freedom beats.

[From the New York Times, June 19, 2008]

DEALS WITH IRAQ ARE SET TO BRING OIL GIANTS BACK

(By Andrew E. Kramer)

BAGHDAD.—Four Western oil companies are in the final stages of negotiations this month on contracts that will return them to Iraq, 36 years after losing their oil concession to nationalization as Saddam Hussein rose to power.

Exxon Mobil, Shell, Total and BP—the original partners in the Iraq Petroleum Company—along with Chevron and a number of smaller oil companies, are in talks with Iraq's Oil Ministry for no-bid contracts to service Iraq's largest fields, according to ministry officials, oil company officials and an American diplomat.

The deals, expected to be announced on June 30, will lay the foundation for the first commercial work for the major companies in Iraq since the American invasion, and open a new and potentially lucrative country for their operations.

The no-bid contracts are unusual for the industry, and the offers prevailed over others by more than 40 companies, including companies in Russia, China and India. The contracts, which would run for one to two years and are relatively small by industry standards, would nonetheless give the companies an advantage in bidding on future contracts in a country that many experts consider to be the best hope for a large-scale increase in oil production.

There was suspicion among many in the Arab world and among parts of the American public that the United States had gone to war in Iraq precisely to secure the oil wealth these contracts seek to extract. The Bush administration has said that the war was necessary to combat terrorism. It is not clear what role the United States played in awarding the contracts; there are still American advisers to Iraq's Oil Ministry.

Sensitive to the appearance that they were profiting from the war and already under pressure because of record high oil prices, senior officials of two of the companies, speaking only on the condition that they not be identified, said they were helping Iraq rebuild its decrepit oil industry.

For an industry being frozen out of new ventures in the world's dominant oil-producing countries, from Russia to Venezuela, Iraq offers a rare and prized opportunity.

While enriched by \$140 per barrel oil, the oil majors are also struggling to replace their reserves as ever more of the world's oil patch becomes off limits. Governments in countries like Bolivia and Venezuela are nationalizing their oil industries or seeking a larger share of the record profits for their national budgets. Russia and Kazakhstan have forced the major companies to renegotiate contracts.

The Iraqi government's stated goal in inviting back the major companies is to increase oil production by half a million barrels per day by attracting modern technology and expertise to oil fields now desperately short of both. The revenue would be used for reconstruction, although the Iraqi government has had trouble spending the oil revenues it now has, in part because of bureaucratic inefficiency.

For the American government, increasing output in Iraq, as elsewhere, serves the foreign policy goal of increasing oil production

globally to alleviate the exceptionally tight supply that is a cause of soaring prices.

The Iraqi Oil Ministry, through a spokesman, said the no-bid contracts were a stop-gap measure to bring modern skills into the fields while the oil law was pending in Parliament.

It said the companies had been chosen because they had been advising the ministry without charge for two years before being awarded the contracts, and because these companies had the needed technology.

A Shell spokeswoman hinted at the kind of work the companies might be engaged in. "We can confirm that we have submitted a conceptual proposal to the Iraqi authorities to minimize current and future gas flaring in the south through gas gathering and utilization," said the spokeswoman, Marnie Funk. "The contents of the proposal are confidential."

While small, the deals hold great promise for the companies.

"The bigger prize everybody is waiting for is development of the giant new fields," Leila Benali, an authority on Middle East oil at Cambridge Energy Research Associates, said in a telephone interview from the firm's Paris office. The current contracts, she said, are a "foothold" in Iraq for companies striving for these longer-term deals.

Any Western oil official who comes to Iraq would require heavy security, exposing the companies to all the same logistical nightmares that have hampered previous attempts, often undertaken at huge cost, to rebuild Iraq's oil infrastructure.

And work in the deserts and swamps that contain much of Iraq's oil reserves would be virtually impossible unless carried out solely by Iraqi subcontractors, who would likely be threatened by insurgents for cooperating with Western companies.

Yet at today's oil prices, there is no shortage of companies coveting a contract in Iraq. It is not only one of the few countries where oil reserves are up for grabs, but also one of the few that is viewed within the industry as having considerable potential to rapidly increase production.

David Fyfe, a Middle East analyst at the International Energy Agency, a Paris-based group that monitors oil production for the developed countries, said he believed that Iraq's output could increase to about 3 million barrels a day from its current 2.5 million, though it would probably take longer than the six months the oil Ministry estimated.

Mr. Fyfe's organization estimated that repair work on existing fields could bring Iraq's output up to roughly four million barrels per day within several years. After new fields are tapped, Iraq is expected to reach a plateau of about six million barrels per day, Mr. Fyfe said, which could suppress current world oil prices.

The contracts, the two oil company officials said, are a continuation of work the companies had been conducting here to assist the Oil Ministry under two-year-old memorandums of understanding. The companies provided free advice and training to the Iraqis. This relationship with the ministry said company officials and an American diplomat, was a reason the contracts were not opened to competitive bidding.

A total of 46 companies, including the leading oil companies of China, India and Russia, had memorandums of understanding with the Oil Ministry, yet were not awarded contracts.

The no-bid deals are structured as service contracts. The companies will be paid for their work, rather than offered a license to the oil deposits. As such, they do not require the passage of an oil law setting out terms for competitive bidding. The legislation has

been stalled by disputes among Shiite, Sunni and Kurdish parties over revenue sharing and other conditions.

The first oil contracts for the majors in Iraq are exceptional for the oil industry.

They include a provision that could allow the companies to reap large profits at today's prices: the ministry and companies are negotiating payment in oil rather than cash.

"These are not actually service contracts," Ms. Benali said. "They were designed to circumvent the legislative stalemate" and bring Western companies with experience managing large projects into Iraq before the passage of the oil law.

A clause in the draft contracts would allow the companies to match bids from competing companies to retain the work once it is opened to bidding, according to the Iraq country manager for a major oil company who did not consent to be cited publicly discussing the terms.

Assem Jihad, the Oil Ministry spokesman, said the ministry chose companies it was comfortable working with under the charitable memorandum of understanding agreements, and for their technical prowess. "Because of that, they got the priority," he said.

In all cases but one, the same company that had provided free advice to the ministry for work on a specific field was offered the technical support contract for that field, one of the companies' officials said.

The exception is the West Qurna field in southern Iraq, outside Basra. There, the Russian company Lukoil, which claims a Hussein-era contract for the field, had been providing free training to Iraqi engineers, but a consortium of Chevron and Total, a French company, was offered the contract. A spokesman for Lukoil declined to comment.

Charles Ries, the chief economic official in the American Embassy in Baghdad, described the no-bid contracts as a bridging mechanism to bring modern technology into the fields before the oil law was passed, and as an extension of the earlier work without charge.

To be sure, these are not the first foreign oil contracts in Iraq, and all have proved contentious.

The Kurdistan regional government, which in many respects functions as an independent entity in northern Iraq, has concluded a number of deals. Hunt Oil Company of Dallas, for example, signed a production-sharing agreement with the regional government last fall, though its legality is questioned by the central Iraqi government. The technical support agreements, however, are the first commercial work by the major oil companies in Iraq.

The impact, experts say, could be remarkable increases in Iraqi oil output.

While the current contracts are unrelated to the companies' previous work in Iraq, in a twist of corporate history for some of the world's largest companies, all four oil majors that had lost their concessions in Iraq are now back.

But a spokesman for Exxon said the company's approach to Iraq was no different from its work elsewhere.

"Consistent with our longstanding, global business strategy, ExxonMobil would pursue business opportunities as they arise in Iraq, just as we would in other countries in which we are permitted to operate," the spokesman, Len D'Eramo, said in an e-mailed statement.

But the company is clearly aware of the history. In an interview with Newsweek last fall, the former chief executive of Exxon, Lee Raymond, praised Iraq's potential as an oil-producing country and added that Exxon was in a position to know. "There is an enormous amount of oil in Iraq," Mr. Raymond said. "We were part of the consortium, the four

companies that were there when Saddam Hussein threw us out, and we basically had the whole country."

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. KAGEN) is recognized for 5 minutes.

(Mr. KAGEN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. BRADY) is recognized for 5 minutes.

(Mr. BRADY of Texas addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. HOLT) is recognized for 5 minutes.

(Mr. HOLT addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. REICHERT) is recognized for 5 minutes.

(Mr. REICHERT addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. SHIMKUS) is recognized for 5 minutes.

(Mr. SHIMKUS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

REAL ENERGY SOLUTIONS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 18, 2007, the gentleman from Georgia (Mr. WESTMORELAND) is recognized for 60 minutes as the designee of the minority leader.

Mr. WESTMORELAND. Mr. Speaker, I'm glad that I'm able to be here today with my friend, Mr. SHIMKUS, and I think that he has some travel plans, so I'm going to immediately yield to him. And I can't wait to hear what he's got to say.

Mr. SHIMKUS. I'd like to thank my colleague from Georgia. And, you know, we're fortunate still, in today's high energy prices, to be able to use aviation. Aviation fuel is up. Budget airlines are broke, four of them so far. Baggage handlers are out of work. Ticket takers are out of work.

And part of the problem that America's facing is the high price of energy. And this is not a new debate that we've had since I've been here. And it's interesting how the votes have come down since 1994. And I think the public would really find them astonishing that on

almost every production bill, production means producing something, almost every production bill, whether it's Outer Continental Shelf, whether it's oil shale, whether it's Arctic National Wildlife Refuge, whether it's coal-to-liquid technologies, Republicans vote 90 percent of the time in support of production, and my friends on the other side, the Democrats vote 90 percent of the time in opposition to production.

So since we've had this fight for many, many years, almost decades now, it was Jimmy Carter who set aside the Arctic National Wildlife Refuge for oil and gas exploration. It was President Bill Clinton who vetoed the ability to explore the Arctic National Wildlife Refuge in 1995. Had he not done that, that oil would be here in our country today.

So now we find ourselves in a dilemma. It's Economics 101. It's supply and demand. Limited supply, increased demand, higher prices.

Here's the problem. January 2001, the price of a barrel of crude oil was \$23, just 7 years ago. When the new majority came in in January of 2006, the price of a barrel of crude oil was \$58.31. This was not acceptable. I didn't like this. That's why we passed, in between this time, the 2005 Energy and Policy Act. And on this floor, that bill had the Arctic National Wildlife Refuge in it. Of course it went to the Senate and it went there to die. And they pulled ANWR out.

Today the problem has grown by exponential amounts. Today the price of a barrel of crude oil is \$136.39. So I'd like to keep this debate simple. This is a problem. So what is a solution?

And we're going to hear a lot, we've heard a lot of solutions from the other side. None of their solutions talk about bringing on more supply.

And we've had some great victories this week. FISA, Foreign Intelligence Surveillance Act, funding of the troops, no restrictions, GI bill expansion, great victories that came about through bipartisan compromise on this floor, bills that will get signed by the President. And we're all pretty pleased with the work we did this week.

We can do that with this. There is a congressional majority that would vote for more supply. There's only one hang up. It's the Speaker of the House will not let these bills on the floor.

So you have done a great job, and I used my 1 minute, Congressman WESTMORELAND, to sign your petition. And I want to challenge and encourage all my colleagues, in a bipartisan manner, to come down and sign this petition, this pledge. And I hope the constituents from all over the country ask their congressmen have they signed this pledge.

The pledge is pretty simple. I will vote to increase U.S. oil production and lower gas prices for America. And there I am, right there, just signed it.

Mr. WESTMORELAND. That's about as simple as it gets, isn't it?

Mr. SHIMKUS. It doesn't have to be. This is not a difficult process.

Now, since I signed the pledge, the question is how do we do this?

Well, we know how we do it. These red areas on this map is called the Outer Continental Shelf, OCS. You hear it talked about on this floor a lot. These areas, which is the West Coast, all the West Coast, all of the East Coast, and the eastern half of the Gulf of Mexico, are off limits, off limits. We can't research it, we can't investigate it, we definitely can't find and produce oil and gas. And we know there's billions of barrels of oil and trillions of cubic feet of natural gas, and we don't have access to it because of our policies in this, on this, in this building on an appropriation bill, not even an authorization bill.

And we're going to get a chance to get appropriation bills on the floor, and we're going to raise this issue when this bill comes to the floor, and we're going to challenge our friends on the other side to say, you know what? It's time. This is too much. We need to open up the OCS, the Outer Continental Shelf.

What's another solution?

Well, I live in the State of Illinois, and geologically, the State of Illinois is, if you go down far enough, it's a big, huge field of coal. It's called the Illinois Coal Basin. We have as much energy, BTU, British Thermal Units of energy as Saudi Arabia has of oil.

You hear my friends on the other side, they're worried about Iraq; they're worried about the Middle East; they're worried about our reliance on imported crude oil. You know, if we were in the OCS, if we were using our coal and turning it into liquid fuel, we wouldn't have to worry about the Middle East.

But since we are denied the opportunity to go into the Outer Continental Shelf, we have to have energy. It's their own policy that's forcing us to be involved in these international arenas. You know, I'd like to tell those folks, take a hike; we don't need you. And we have our own energy here.

Mr. WESTMORELAND. If I could just interrupt, claim back my time for just 1 minute in the fact that they want us to use alternative fuels. They want to go to alternative fuels and we do to. We think that is something that we need to be developing.

But this, what you're talking about the, the Outer Continental Shelf, the U.S. coal, the shale oil, those are things that we know we have. And the funny part about what they want us to do about using alternative fuels, there was section 526, if you'll remember, in a defense bill that said that the U.S. government could not use alternative fuels. So, you know, which is it? Do they want us to or not?

And so, you know, that's where we're caught, and that's what a lot of people, I think, to my friend in America, don't understand that we're getting a lot of conflicting things from the majority side right now.